The Honorable Michael K. Powell
The Honorable Kathleen Q. Abernathy
The Honorable Jonathan S. Adelstein
The Honorable Michael J. Copps
The Honorable Kevin J. Martin
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

November 15, 2004

Re: Section 251 Unbundling Obligations And Specific Consideration Of Unbundled Access To Dark Fiber Transport, WC Docket No. 04-313, CC Docket No. 01-338

Dear Chairman and Commissioners:

We are writing as members of the private equity community, having made substantial investments in facilities based companies formed in response to the Telecom Act of 1996 ("96 Act") and operating business models designed to bring competitive choice to American consumers. We and other private equity investors have submitted earlier letters and filings to the FCC, evidencing the importance of continued access to DSO and T1 loops together with DS1, DS3 and Dark Fiber transport as unbundled network elements under Section 251 of the 96 Act[1].

We again emphasize that the order you are preparing under Dockets 01-338 and 04-313 will have a profound impact on the continued flow of private equity capital necessary to fund alternative network facilities being built by the emerging, competitive carrier industry. In this regard we urge the Commission to affirm impairment for DSO and T1 loops generally and DS1, DS3 and Dark Fiber transport where the absence of real competitive alternatives would lead to substantial increases in costs and further risks of financial instability or failure for existing, otherwise healthy competitive companies.

One such competitive company is Integra Telecom, Inc., a portfolio company that we know very well. We urge the Commission to carefully consider Integra's comments in these proceedings. In its comments, Integra presents a substantial impairment analysis for DS3 and Dark Fiber transport and DSO and T1 loops under section 251(d)(2)(B) of the 96 Act.

[1] See, Letter from Peter H.O. Claudy, M/C Venture Partners, James Flemming, Columbia Capital, James N. Perry, Jr., Madison Dearborn Partners, LLC, Rand G. Lewis, Centennial Ventures and James H. Green, Jr., Kohlberg Kravis Roberts & Co., to Michael K. Powell, Chairman of the FCC, CC Docket Nos. 01-338, 96-98, and 98-147 (July 22, 2004); Letter from William Laverack, Jr., Whitney & Co. LLC, Michael Huber, Quadrangle Group, LLC, Anthony J. Bolland, Boston Ventures, to Michael K. Powell, Chairman of the FCC, filed in CC Docket Nos. 01-338, 96-98, 98-147 (July 28, 2004); Letter from G. Jackson Tankersly, Jr., Meritage Private Equity Funds to Michael K. Powell, Chairman of the FCC, filed in CC Docket Nos. 01-338, 96-98, 98-147 (August 5, 2004); Declaration Of M/C Venture Partners In Support Of The Emergency Motion Of Comptel/ ASCENT filed in CC Docket Nos. 01-338, 96-98, 98-147 (June 24, 2004).

As members of the private equity community we note that, in addition to demonstrating impairment, Integra's filing provides the Commission a factual framework that illustrates the likely further flow of capital in support of building alternative transport networks.

Dark Fiber Transport UNEs Accelerate The Building Of Alternative Transport

The availability of Dark Fiber as an unbundled network element will stimulate capital investment to support the building of alternative transport networks. For example Integra Telecom has invested over $6 million in capital equipment that it would not have purchased in the absence of available Dark Fiber transport as UNEs. This equipment includes multiplexing devices and other 'optronics' that are necessary to power and utilize the Dark Fiber transport. As Integra realizes further market penetration it will experience further incentive to build additional network, including its own fiber routes, to leverage off of this initial investment, thereby lowering its UNE lease costs and its own cost structure. As demonstrated by Integra, the companies that are in the strongest position to generate the necessary capital to build alternative transport networks are those that have demonstrated success in capturing market share, generating the revenues that ultimately fund such network construction. This staged approach to building transport networks, one element at a time, provides a more capital efficient, lower risk business alternative relative to the 'greenfield' models that became synonymous with financial insolvency in recent years. Private equity, like all fluid capital, flows first to the most capital efficient business models.

On the other hand, if Dark Fiber transport is no longer available as a UNE, companies like Integra will face substantial financial hardship in the form of stranded network investment and an increasing cost structure. Furthermore, this result would be in conflict with prior rules and public statements from the Commission in support of facilities based competition, alarming the capital markets due to perceptions of inconsistent and capricious rulemaking. Our significant experience in funding capital-intensive, network based industries (including wireless, Cable TV and competitive wireline) convinces us that such FCC action would have a chilling effect on the flow of additional capital to further build facilities based competitive networks.

Very truly yours,

Boston Ventures	Nautic Partners
Anthony Bolland Partner	Robert Van Degna Partner

Cc: Michael D. Gallagher
Christopher Libertelli
Matthew Brill
Daniel Gonzalez
Jessica Rosenworcel
Scott Bergmann